

**BILL #** HB 2586

**TITLE:** capitol police; overtime calculation

**SPONSOR:** Brown

**STATUS:** As Introduced

**PREPARED BY:** Tyler Palmer

## **FISCAL ANALYSIS**

### **Description**

This bill would allow the Director of the Arizona Department of Administration (ADOA) to include paid leave as hours worked for the purposes of calculating overtime for capitol police officers.

### **Estimated Impact**

The bill is estimated to cost a maximum of \$42,100 per year; however, the actual cost is expected to be less than half of that amount.

ADOA developed the original maximum estimate of \$42,100. ADOA also believes that the increase in compensation would reduce employee turnover. ADOA estimates that there would be a savings of up to \$12,600 for every retained employee due to reduced recruiting and training costs. The Department hires 6-7 new police officers per year.

### **Analysis**

This bill would allow the Director of ADOA to include paid leave, excluding paid sick leave, as hours worked in calculating overtime. Overtime is generally defined as work in excess of 40 hours in a work week. For example, an employee who works 10 hours in 1 day after taking 4 days of vacation is not eligible for overtime pay; however, with the proposed change, the employee would be eligible for 2 hours of overtime pay. The change in the bill would typically be used to permit paying time-and-a-half to an employee who works a weekend shift after using vacation time earlier in the pay period. Because the employee already would receive regular pay for working the weekend hours, the fiscal impact only relates to paying the incremental half-time of the employee's salary for the overtime. For the past fiscal year, ADOA does not have information on the actual number of hours worked that would have been counted as overtime under the proposed amendment.

As a proxy, ADOA developed a maximum cost by considering 1) the number of affected employees, 2) their average pay, and 3) an estimate of new overtime hours as a result of the bill.

- ADOA employs 27.25 capitol police
- Average pay for these employees is \$19.45 per hour
- Each employee may earn up to 122.2 hours of vacation time per year

ADOA's cost estimate of \$42,100 is based on all 27.25 employees working the same number of overtime hours in a week as they take paid leave. This assumption represents a maximum because it is unlikely that officers will work enough additional hours to earn overtime pay for the equivalent of all vacation hours. For example, an employee who uses 40 hours of vacation time during the week is unlikely to work 40 hours on the Saturday and Sunday in the pay period and therefore will earn less than 40 hours of overtime.

It is reasonable to assume that some employees will likely take full weeks of leave without taking overtime. As a result, the actual cost is expected to be less than half of the maximum.

### **Local Government Impact**

None